STATEMENT

A. Nature Of The Case

This landmark intellectual property case involves the Canadian-based BlackBerry wireless email and data transmission system, which has become a vital communications tool for millions of subscribers, including federal, state, and local government officials, all types of mobile professionals, and an enormous variety of businesses in the United States, and users throughout the world. The case presents the Internet Age question of how the decades-old, express territorial limitation of § 271(a) of the Patent Act for "use" infringement should be applied to geographically borderless, "*transnational*" telecommunications systems, i.e., systems that operate with components that are located outside, as well as inside, the United States.

Section 271(a) expressly limits "use" infringement to use "*within the United States*." 35 U.S.C. § 271(a) (emphasis added). In 1972 this Court drew a bright line around the nation's borders when it held—in a patent infringement case involving manufacture and export of an unassembled shrimp deveining machine—that § 271(a) has no extraterritorial effect. *See Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972). That was almost 35 years ago, prior to the advent of the Internet and email. The fundamental but cutting-edge question here, which the Court did not address when it decided *Deepsouth*, is whether the territorial limitation of § 271(a) to use "within the United States" precludes a finding of infringement where fixed, crucial operational components of an Internet-based global telecommunications system are located *outside* the United States.

B. Statutory Background

Congress originally enacted § 271(a) as part of a 1952 codification of the then-existing patent laws. *See Deepsouth*, 406 U.S. at 530 n.10. *See also Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 180 (1980) ("Congress endeavored . . . to substitute statutory precepts for the general judicial rules that had governed prior to that time."). Section 271(a) sets forth a "general rule" describing "an act of patent infringement." *Merck KGaA v. Integra Lifesciences I, Ltd.*, 125 S. Ct. 2372, 2376-77 (2005). *See also* S. Rep. No. 82-1979 (1952) (stating that § 271(a) "is a declaration of what constitutes infringement"). Under § 271(a), "mak[ing], us[ing], offer[ing] to sell, or sell[ing] any patented invention, *within the United States*" is an act of infringement. 35 U.S.C. § 271(a) (emphasis added). "The statute makes it clear that it is not an infringement to make or use a patented product outside of the United States." *Deepsouth*, 406 U.S. at 527 (citing *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 650 (1915); *Brown v. Duchesne*, 60 U.S. (19 How.) 183 (1856)). In other words, infringing conduct under § 271(a) must occur entirely "within the bounds of this country." *Ibid.* The limitation to use "within the United States" has remained unchanged since enactment of § 271(a) more than half a century ago. *See Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1251-53 (Fed. Cir. 2000) (discussing history of § 271(a)).

C. The Transnational BlackBerry System

1. Petitioner Research In Motion, Ltd. ("RIM"), a Canadian corporation, is the designer, manufacturer, and operator of the BlackBerry wireless email and data transmission system. RIM conducted its own research, and took all of the financial risks, to successfully market and pioneer the BlackBerry system. Since its introduction in 1999, the BlackBerry system has *revolutionized* email and data com-

munications by combining Internet and radio frequency ("RF") technology in a way that almost instantaneously transmits data, including but not limited to duplicates of incoming email messages, from an individual's office computer network to his or her mobile BlackBerry wireless handheld device. The BlackBerry system is a two-way system; it also enables an individual to compose an email message on a BlackBerry handheld device and send it through his or her office computer network to an email recipient anywhere in the world, including to other BlackBerry subscribers.

2. To the vast majority of subscribers, BlackBerry handheld devices are the only visible part of the system. The accused system, however, is comprised of additional components, primarily the Network Control Center, the system's indispensable electronic brain, which is located at RIM's corporate headquarters in Waterloo, Ontario, Canada. The Network Control Center actively routes encrypted emails or other data in the form of highly compressed "datagrams" to and from BlackBerry handheld devices. It is the indefatigable, super-intelligent electronic "traffic cop" without which the BlackBerry system *could not function.*[1]

---

[1] The Network Control Center in Canada (which is also known as the "BlackBerry Relay") communicates with computer servers that utilize BlackBerry software. Some servers (e.g., servers for the BlackBerry Internet Service ("BIS")) are located at RIM's facilities in Canada, and others, which utilize BlackBerry Enterprise Server ("BES") software, are incorporated into a company's, government agency's, or other organization's internal computer network in the United States or abroad. "More than 42,000 organizations have a BlackBerry e-mail server. . . ." Mark Heinzl, *Thumb Wars: With Its BlackBerry a Big Hit, RIM Is Squeezed By All Comers*, Wall St. J., April 25, 2005, at A1.

The Network Control Center also actively controls datagram flow based on numerous external factors. For example, at times of heavy activity, the Control Center adjusts the speed of certain datagram traffic to prevent congestion on the wireless carrier networks. As another example, the Center protects the BlackBerry system by identifying and discarding any malformed datagrams, including those emanating from computer hackers.

The Network Control Center occupies thousands of square feet in a highly secure facility with multiple electronic back-up and safety systems. It is comprised of hundreds of interconnected components and a command center (i.e.,

---

When the Network Control Center receives an encrypted datagram via the Internet from a BES located in the United States or elsewhere, it actively uses the datagram's identifying codes to manage and route it to the "gateway" server for the wireless carrier that transmits it to the intended BlackBerry subscriber's handheld device. Similarly, if that BlackBerry subscriber sends an encrypted email message from his or her handheld device to a co-worker, the Network Control Center actively routes it to the intended recipient. If the recipient also is a BlackBerry subscriber, the email (in the form of a datagram) is again transmitted over the Internet back to the Network Control Center, which routes the datagram to the recipient's handheld device. Thus, when an email is sent from one BlackBerry handheld device to another, the Network Control Center in Canada actively manages and routes the email *twice*.

monitoring/control room). At any given time about a dozen system engineers, working under the supervision of RIM's Vice President for BlackBerry Infrastructure, staff the command center 24 hours per day, 7 days per week, in order to monitor the Network Control Center's electronic "health" and handle any system emergencies that may arise. The fixed Canadian location and operation of the Network Control Center for North America (which serves more than 28 countries in addition to the United States) indisputably makes the BlackBerry system *transnational* in nature.

3. The volume of electronic data traffic handled by the Network Control Center in Waterloo, Ontario is astonishing. *See generally Heinzl*, Wall St. J., at A1 ("Every day, more than 100 million e-mails sent from across North America course through a data center hidden somewhere in this small university town."). Indeed, in a relatively short period of time, the BlackBerry system has become a critically important, global communications tool for millions of professional and business personnel.[2]

Even more significant, the BlackBerry system has become *critical* for hundreds of thousands of federal, state, and local

---

[2] *See generally* Brad Stone, *BlackBerry: Bring It On!*, Newsweek Enterprise, Sept. 26, 2005, at 38 ("[T]he BlackBerry has spawned a full-blown business and cultural revolution, turning wireless e-mail into a virtual requirement for mobile professionals and business travelers in the 24/7 global economy . . . . By the end of this year, RIM will have agreements with . . . nearly every significant mobile operator in the world–and an estimated 4.5 million subscribers."). *See also* Yuki Noguchi, *No Escape From E-Mail*, Wash. Post, Sept. 29, 2004, at A1 ("For some . . . the [BlackBerry] pocket-size devices have created a borderless world of new opportunities for multitasking.").

government personnel, including officials responsible for national defense, homeland security, crisis management, and emergency response, and for those in the private sector (e.g., first responders; defense contractors) with whom government officials *must* be able to communicate *no matter what* the circumstances. As the United States recently emphasized in a Statement of Interest filed with the district court to insist that any injunction entered in this action not disrupt governmental use of the BlackBerry system, all three branches of the Government rely on the BlackBerry system, both for routine and urgent communications. *See* App. 158a ("[I]n the formulation of any injunction, it is imperative that some mechanism be incorporated that permits continuity of the federal government's use of BlackBerry™ devices.").

One of the reasons that the BlackBerry system has become part of the nation's critical communications infrastructure is its reliability, not only for everyday use, but also in times of crisis (such as natural disasters or homeland security emergencies), when cellular telephone bandwidths can quickly become clogged and inaccessible. In contrast, highly compressed BlackBerry email datagrams require much less bandwidth. BlackBerry handheld devices also can bypass office computer networks (such as when they are down due to an electrical outage) and send a message from one BlackBerry handheld device "directly" to another, but again, only through, and with the dynamic assistance of, the Network Control Center in Canada. This mobile "emergency communications" capability is precisely why "Congress issued them to every member." App. 162a, n.4.

D. Proceedings Below

1. On November 13, 2001, Respondent NTP, Inc. ("NTP"), alleging that it holds certain valid patents that are infringed by the BlackBerry system, filed suit against RIM in

the United States District Court for the Eastern District of Virginia, citing 28 U.S.C. § 1338(a) as the basis for jurisdiction. NTP alleged, *inter alia*, that its patents are infringed insofar as the BlackBerry system enables receipt of email messages on a wireless device, and that the "Relay component" of the BlackBerry system (i.e., the Network Control Center in Canada), meets the "interface" or other limitations of every patent claim at issue.

After construing various disputed claim terms, the district court denied RIM's summary judgment motions. In particular, the court ultimately rejected RIM's contention that under 35 U.S.C. § 271(a), it was entitled to a holding of non-infringement in view of the Canadian location of the Network Control Center. App. 147a-150a. During the subsequent trial held in November 2002, the court, after reversing its position, specifically instructed the jury that "the location of RIM's relay in Canada does not preclude infringement." Although NTP did not allege that RIM knowingly copied the patents-in-suit, the jury returned a verdict finding willful direct, induced, and contributory infringement by RIM on all asserted claims. In its August 5, 2003 Final Order, the district court awarded NTP approximately $54 million in compensatory and enhanced damages, prejudgment interest, and attorney fees. The court also entered a permanent injunction effectively enjoining further sale and use of BlackBerry handheld devices in the United States, but issued a stay pending appeal on the ground that "the stay is in the public interest, as the public has a demonstrated and increasing use of the products and services involved in this litigation." App. 140a.

2. On December 14, 2004, the United States Court of Appeals for the Federal Circuit issued an opinion affirming the district court's judgment of infringement except as to construction of one claim term, and as a result, vacated the damages award and injunction and remanded the case.

Regarding the § 271(a) extraterritoriality issue, the court of appeals held that "the location of RIM's customers and their purchase of the BlackBerry devices establishing control and beneficial use of the BlackBerry system within the United States satisfactorily establish territoriality under section 271(a)." App. 132a.

3. On August 2, 2005, following the filing of a petition for panel rehearing and rehearing en banc, the same Federal Circuit panel issued an order granting the petition for panel rehearing "for the limited purpose of revising portions of the opinion treating Section 271." App. 76a. The panel withdrew its December 2004 opinion and simultaneously issued a revised opinion, which is the subject of this appeal. App. 76a-77a. The revised opinion indicates that "NTP's theory of infringement tracks the language of section 271(a)." App. 49a. The opinion acknowledges that "[s]ection 271(a) is only actionable against patent infringement that occurs within the United States," but asserts "it is unclear from the statutory language how the territoriality requirement limits direct infringement where the location of at least a part of the 'patented invention' is not the same as the location of the infringing act." App. 48a-49a, 52a.

Unlike its original opinion, the court's revised opinion distinguishes between NTP's "method" (i.e., process) claims and "system" claims. App. 57a. As to the method claims, the court's revised opinion holds that "a process cannot be used 'within' the United States as required by section 271(a) unless each of the steps is performed within this country;" that "each of the asserted method claims . . . recites a step . . . which is only satisfied by the use of RIM's Relay located in Canada;" and "[t]herefore, as a matter of law, these claimed methods could not be infringed by use of RIM's system." App. 57a. Regarding NTP's "system" claims, however, the

court's revised opinion holds that "[t]he use of a claimed system under section 271(a) is the place at which the system as a whole is put into service, *i.e.*, the place where control of the system is exercised and beneficial use of the system obtained;" that "RIM's customers located within the United States controlled the transmission of the originated information and also benefited from such an exchange of information;" and "[t]hus, the location of the Relay in Canada did not, as a matter of law, preclude infringement of the asserted claims in this case." App. 55a-56a. The court of appeals also held that the jury could not have found that RIM infringed the method claims under the asserted "sells," "offers to sell," or "imports" prongs of § 271(a), or under § 271(f). App. 62a-63a, 66a.

4. Following issuance of the revised opinion, RIM filed a motion for a panel rehearing or rehearing en banc, which the court denied on October 7, 2005. On October 21, 2005, the court of appeals denied RIM's motion to stay issuance of the mandate pending the filing and consideration of RIM's petition for a writ of certiorari. Chief Justice Roberts denied a similar motion on October 26, 2005. *See* Docket No. 05A357.[3]

---

[3] On November 30, 2005 the district court denied RIM's motion to enforce a previously announced settlement agreement. *See* App. 176a.

REASONS FOR GRANTING THE PETITION

I. THIS CASE PRESENTS A LANDMARK OPPORTUNITY TO ADDRESS THE NEED FOR CLEAR AND UNIFORM, TWENTY-FIRST CENTURY JURISPRUDENCE ON HOW COURTS SHOULD APPLY THE EXPRESS TERRITORIAL LIMITATION OF § 271(a) OF THE PATENT ACT TO INTERNET-BASED SYSTEMS THAT OPERATE WITH VITAL COMPONENTS LOCATED OUTSIDE THE UNITED STATES

The Court should grant RIM's petition for a writ of certiorari in order "to resolve an issue of prime importance in the administration of the patent law." *Dawson Chem. Co.*, 448 U.S. at 185. That issue is whether the express territorial limitation in 35 U.S.C. § 271(a) to acts "within the United States" precludes claims for "use" infringement where an operational component of an accused high technology system, such as the BlackBerry system's crucial Network Control Center, is located *outside* the United States. This question directly implicates the broader, increasingly common issue of how the lower courts should apply a federal statute's express or presumed territorial limitation in cases that involve use of the worldwide, geographically borderless Internet. *See Reno v. ACLU*, 521 U.S. 844, 851 (1997) (noting that email is part of "a unique medium–known to its users as 'cyberspace'—

located in no particular geographical location but available to anyone, anywhere in the world, with access to the Internet.").[4]

"The technology of the Internet evolves at a rapid pace." *Ashcroft v. ACLU*, 542 U.S. 656, 671 (2004). Technological advancements have made it possible for millions of Americans to use Internet-based telecommunications, e-commerce, and other systems whose operation depends upon computer servers or other major components located in Canada, Western Europe, Asia, or elsewhere. For example, the BlackBerry system enables subscribers who are virtually

---

[4] The Court recently granted certiorari in *eBay, Inc. v. MercExchange, L.L.C.*, No. 05-130, which raises two other questions that are directly involved in this case: (i) Whether a court must, absent exceptional circumstances, issue an injunction after finding patent infringement, and (ii) "Whether [the] Court should reconsider its precedents, including *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, 210 U.S. 405 (1908), on when it is appropriate to grant an injunction against a patent infringer," *id.* (Order, Nov. 28, 2005), which, like NTP, does not practice its patents. NTP is a "patent holding" company. "It has no employees and makes no products." Roger Parloff, *BlackBerry Held Hostage, Pay Up—Or You're Done For*, Fortune, Dec. 12, 2005, at 29. *See generally* William M. Bulkeley, *Aggressive Patent Litigants Pose Growing Threat to Big Business*, Wall St. J., Sept. 14, 2005, at A1 (discussing "patent troll industry"); Lee Gomes, *Patenting Good Ideas Could Hurt Companies Rather Than Aid Them*, Wall St. J., Aug. 23, 2004, at B1 (discussing "the emerging legal black art of patent blackmail"). NTP has publicly announced its intention to leverage its infringement claims by seeking a permanent injunction that would shut down major portions of the BlackBerry system in every corner of the United States. *See* Parloff, Fortune, at 29 ("Should plaintiffs like NTP—which does not market a competing product, never has, and never will—be entitled to an automatic injunction . . . ?"); Tomas Kellner, *For RIM: Careful What You Ask For*, http://www.forbes.com, Dec. 6, 2005, at 1; Ian Austen, *Bye Bye BlackBerry*, N.Y. Times, Dec. 3, 2005, at C1; Yuki Noguchi, *Fearful Messagers Cross Their Thumbs*, Wash. Post, Dec. 2, 2005, at D1.

anywhere in the United States, or traveling in more than 40 countries around the world, to seamlessly exchange email using their BlackBerry handheld devices. But doing so is possible *only* because email is actively routed in the form of encrypted datagrams by and through the Network Control Center in Canada.[5]

In its *two* opinions below, the Federal Circuit clearly struggled with the important Internet Age question of whether a *transnational* high technology system can be used "within the United States" under § 271(a), even though it has very significant foreign components, here, a Canadian Network Control Center that is *fundamental* to the operation of the whole system. The panel took the unusual step of acknowledging its initial flawed interpretation of § 271(a) by

---

[5] The Internet has sparked an entirely new type of "communications revolution," one that is "intimately linked with the move toward globalization" because it is characterized by almost instantaneous transmission of digitized information to or from virtually anywhere in the world through a decentralized communications infrastructure that is technologically oblivious to national boundaries. Viktor Mayer-Schönberger & Deborah Hurley, *Globalization of Communications*, *in* Governance in a Globalizing World 135, 149 (Joseph S. Nye & John D. Donahue eds., 2000). "As new technologies erode boundaries, whether an allegedly infringing system or method is 'use[d] . . . within the United States,' and thus subject to U.S. patent law, is more and more difficult to determine." Yar Chaikovsky & Adrian Percer, *Globalization, Technology Without Boundaries & The Scope of U.S. Patent Law*, 9 No. 2 Intell. Prop. L. Bull. 95 (2005) (quoting 35 U.S.C. § 271(a)). *See also* Dan L. Burk, *Patents In Cyberspace: Territoriality and Infringement of Global Computer Networks*, 68 Tul. L. Rev. 1, 38 (1993) ("The dissolution of geographic, political, and temporal barriers made possible by global computer networks may pose a new challenge to the operation of U.S. patent law.").

withdrawing that opinion and issuing a revised opinion. But rather than correcting its erroneous conclusion that § 271(a) applies to NTP's claims notwithstanding the Canadian location and operation of the Network Control Center, the court devised an artificial and arbitrary distinction between NTP's "method" claims (which the court finally conceded are necessarily extraterritorial) and the "system" claims (which the court continued to maintain are not extraterritorial).

The revised opinion forthrightly acknowledges the "added degree of complexity" posed by the transnational nature of the BlackBerry system, asserting that it is "*unclear* from the statutory language [of § 271(a)] how the territoriality requirement limits direct infringement *where the location of at least a part of the 'patented invention' is not the same as the location of the infringing act.*" App. 49a, 52a (emphasis added). Indeed, as one legal scholar recently explained, "[p]atent law in its present state is indeterminate as to whether electronic transborder activity on the Internet constitutes an infringing 'use.'" Dan L. Burk, *Transborder Intellectual Property Issues on the Electronic Frontier*, 6 Stan. L. & Pol'y Rev. 9, 11 (1994). *See also* Mark A. Lemley *et al.*, *Divided Infringement Claims*, 33 AIPLA Q.J. 255 (2005) (discussing the Federal Circuit's revised opinion).

Rather than finding guidance in this Court's strict interpretation of § 271(a) in *Deepsouth*, 406 U.S. 518, the lower court distinguished that case on the ground that the instant appeal "involves a system that is partly within *and partly outside* the United States and relates to *acts* that may be occurring within *or outside* the United States." App. 53a (emphasis added). *Deepsouth* involved an American company which deliberately attempted to avoid patent infringement by manufacturing parts of a shrimp deveining machine in the United States, and then selling those parts to foreign

buyers for assembly and use of the machine abroad. *See* 406 U.S. at 523.[6] In holding that the manufacture and export of the unassembled components was not an act of infringement, the Court relied on the plain language of § 271(a). *Id.* at 528.

Deepsouth is predicated upon one of the oldest tenets of U.S. patent law, the territorial limitation that Congress embodied in § 271(a) through the requirement that infringing acts occur "within the United States." 35 U.S.C. § 271(a). In *Deepsouth*, the Court explained that "[t]he statute makes it clear that it is not an infringement to make or use a patented product outside of the United States." 406 U.S. at 527. "Our patent system makes no claim to extraterritorial effect; 'these acts of Congress do not, and were not intended to, operate beyond the limits of the United States.'" *Id.* at 531 (quoting *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195 (1856)). *See also Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its territories . . . and infringement of this right cannot be predicated of acts wholly done in a foreign country."). The Federal Circuit, including in the opinion below, repeatedly has acknowledged this fundamental territoriality principle of U.S. patent law. *See* App. 48a-49a ("Section 271(a) is only actionable against

---

[6] By way of contrast, Petitioner RIM is a homegrown Canadian company. *See generally*, Heinzl, Wall St. J., at A1 (discussing company history); Stone, Newsweek Enterprise, at 38 (stating that RIM is "Canada's best-known technology firm"). Not surprisingly, the critically important BlackBerry Network Control Center is located within RIM's headquarters complex. Nothing in the record of this case suggests that the Network Control Center is located in Canada for any other reason, much less to avoid the reach of U.S. patent laws.

patent infringement that occurs within the United States."). *See, e.g., MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1375 (Fed. Cir. 2005) ("It is well-established that the reach of section 271(a) is limited to infringing activities that occur within the United States.").

Confronted with the plain text of § 271(a) and its immutable territorial limitation, the lower court's opinion strains for a way to characterize use of the *transnational* BlackBerry system as occurring "within the United States," despite the Canadian location of the system's Network Control Center. *See* App. 56a. But the court of appeals ultimately failed to articulate a coherent rule for the district courts, or other Federal Circuit panels, to follow in future infringement cases involving telecommunications or other Internet-based systems whose operation depends upon components located outside the United States.

Instead, the court of appeals, in its revised opinion, held that depending upon "the place where control of the system is exercised and beneficial use of the system obtained," a system with operational components *outside* the United States nevertheless somehow can be used "*within* the United States" under § 271(a). App. 55a (emphasis added). As one group of patent practitioners has warned, this means that "any system with users in the United States may infringe a U.S. patent notwithstanding the location of the components of the alleged infringing system." Chaikovsky & Percer, 9 No. 2 Intell. Prop. L. Bull. at 101 (commenting on the Federal Circuit's original opinion). *See also* Stanley Young & Nishita Doshi, *Global Aspects of United States Patent Protection*, 823 PLI/Pat 363, 382 (2005) ("[S]ystems that consist of multiple components, some of which are located abroad . . . . may also be accessible across national boundaries, making it difficult to analyze issues of location, jurisdiction, and territoriality.").

The Supreme Court has not been reluctant to delve into Internet-based intellectual property issues that affect broad segments of the public, even when the Court has announced the relevant legal principles decades earlier. *See, e.g., MGM Studios, Inc. v. Grokster, Ltd.*, 125 S. Ct. 2764, 2776 (2005) ("Despite the currency of these principles . . . a look at our earlier holding is in order."). The Court, however, has not addressed the territoriality of the patent laws, or interpreted or applied the express territorial limitation of § 271(a), since its opinion in *Deepsouth* 33 years ago.

The Court should modernize its extraterritoriality jurisprudence by deciding how courts should apply § 271(a)'s express territorial limitation to Internet-based and other transnational systems. This case is an ideal vehicle for doing so because it not only arises under the Patent Act's *most fundamental* infringement provision, § 271(a), but also squarely presents the extraterritoriality issue in terms of use of an Internet-based system whose foreign "component," the BlackBerry Network Control Center, is the *indispensable* electronic brain for the entire system. In view of the convoluted legal analysis below, only this Court can provide clarity, consistency, and predictability to the question of whether or when § 271(a) applies to use of such transnational systems. Indeed, the Federal Circuit and trial courts would benefit from an Internet Age version of *Deepsouth* because they are increasingly being called upon to decide high-technology infringement cases with extraterritoriality implications.[7]

---

[7] *See, e.g., Union Carbide Chems. & Plastics Tech. Corp. v. Shell Oil Co.*, 425 F.3d 1366 (Fed. Cir. 2005), *pet. for reh. filed*, No. 04-1475

II. THE FEDERAL CIRCUIT'S OPINION CONFLICTS WITH THIS COURT'S ADMONITION IN *DEEPSOUTH* THAT COURTS SHOULD NOT GIVE THE PATENT LAWS EXTRATERRITORIAL EFFECT ABSENT A "CLEAR AND CERTAIN SIGNAL FROM CONGRESS"

The Court explained in *Deepsouth* that "[t]he direction of Art. I is that *Congress* shall have the power to promote the progress of science and the useful arts" through the issuance of patents. 406 U.S. at 530 (emphasis added). "When, as here, the Constitution is permissive, the sign of how far Congress has chosen to go can come only from Congress." *Ibid.* As a result, in refusing to expand the scope of § 271(a) beyond its plain meaning, the Court held in *Deepsouth* that "[w]e would require a *clear and certain signal from Congress* before approving the position of a litigant who . . . argues that the beachhead of [patent] privilege is wider . . . than courts had previously thought." *Id.* at 531 (emphasis added).

"After the decision in *Deepsouth*, Congress accepted the Court's invitation to provide 'a clear and certain signal[]'

(Nov. 7, 2005) (regarding 35 U.S.C. § 271(f) chemical export issue); *AT&T Corp. v. Microsoft Corp.*, 414 F.3d 1366 (Fed. Cir. 2005) (regarding § 271(f) software export issue); *Eolas Techs., Inc. v. Microsoft Corp.*, 399 F.3d 1325 (Fed. Cir. 2005), *cert. denied*, No. 05-288 (Oct. 31, 2005) (same); *Zoltek Corp. v. United States*, 51 Fed. Cl. 829, 835 (Fed. Cl. 2002), *appeal docketed*, Nos. 04-5100, 04-5102 (Fed. Cir. June 2, 2004) (regarding 28 U.S.C. § 1498 for military use of silicon carbide fiber product).

. . . by enacting 35 U.S.C. § 271(f), which precludes competitors from avoiding liability simply by supplying components of a patented product from the United States and assembling them abroad." *Rotec*, 215 F.3d at 1252 n.2. Similarly, even if NTP were correct that the territorial limitation of § 271(a) could be used as a "loophole" for transnational systems (i.e., systems comprised of components that are located outside, as well as inside, the United States), *only Congress*, and not the courts, could fix it. Congress, however, has not enacted any amendments to signal an intent to extend the Patent Act's "beachhead of privilege" to "use" infringement claims involving transnational systems.[8]

"Because the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rule that it applied in this case . . . is a matter of special importance to the entire Nation." *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 89 (1993). That is especially true here given the proliferation of transnational telecommunications, e-commerce, and other computer-based

---

[8] Each time that Congress has deemed it necessary to extend the reach of the patent laws extraterritorially, it has enacted carefully circumscribed exceptions to § 271(a). *See* 35 U.S.C. § 271(c) (amending contributory infringement liability to include unauthorized "offers to sell . . . within the United States or imports into the United States"); *id.* § 271(f); *id.* § 271(g) (prohibiting the importation of any product produced by unauthorized offshore practice of a U.S. patented process); *id.* § 105 (providing that "[a]ny invention made, used or sold in outer space" aboard a spacecraft under U.S. jurisdiction "shall be considered to be made, used or sold within the United States"). *See generally* S. Rep. No. 101-266 (1990) (indicating that § 105 was necessary to make congressional intent clear).

systems used by a large segment of the American public. The court of appeals should have held, consistent with *Deepsouth*, that § 271(a) means what it says, and that unless and until Congress enacts an exception for use of a transnational system whose operation depends upon a critical foreign component, such systems are excluded from claims of "use" infringement. Instead, the Federal Circuit panel "enacted" just such an exception to § 271(a), albeit by holding that an individual's use of the transnational BlackBerry system is not extraterritorial.

Indeed, the lower court's *de facto* extraterritorial expansion of § 271(a) raises serious separation of powers concerns. "[T]he court's decision disregards the Supreme Court's clear instruction in *Deepsouth* . . . that courts should . . . leave to Congress the task of extending the patent grant . . . ." Daniel P. Homiller, Note, *From Deepsouth to the Great White North*, 2005 Duke L. & Tech. Rev. 0017, ¶ 3 (2005) (commenting on original decision). *See generally* Curtis A. Bradley, *Territorial Intellectual Property Rights In An Age Of Globalism*, 37 Va. J. Int'l L. 505, 584-85 (1997) ("Extra-territorial application of U.S. intellectual property law . . . [w]hen accomplished by the judiciary [is] in tension with the division of power in our federal government."); Donald S. Chisum, *Reforming Patent Law Reform*, 4 J. Marshall Rev. Intell. Prop. L. 336, 343 (2005) (noting that Congress is constitutionally empowered to determine how to "take into account the inherently international character . . . of technology and the operation of the patent system").

Such separation of powers concerns encompass foreign affairs prerogatives and international comity considerations, which the Constitution reserves for the Executive and Legislative Branches. Here, for example, the lower court's opinion runs head-on into multi-lateral treaty obligations (e.g., the TRIPS Agreement on intellectual property rights) that are predicated upon national, not extraterritorial, appli-

cation of signatories' (including Canada's) patent laws. *Cf. Subafilms, Ltd. v. MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1098 (9th Cir. 1994) (discussing why judicial extension of statutes would "disrupt the international regime for protecting intellectual property"). As a result, the lower court's extraterritorial application of § 271(a) to the use of systems that operate with components located in other countries conflicts with the "longstanding principle of American law 'that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States.'" *EEOC v. Arabian Am. Oil Co.*, 499 U.S. 244, 248 (1991) (quoting *Foley Bros., Inc. v. Filardo*, 336 U.S. 281, 285 (1949)). *See generally Bradley*, 37 Va. J. Int'l L. at 513-16 (discussing the reasons for the presumption against extraterritoriality). That presumption has special force here, where Congress has made the statute's territorial limitation explicit by specifying that infringing acts must occur "within the United States." *See generally United States v. Spelar*, 338 U.S. 217, 222 (1949) ("That presumption . . . is doubly fortified by the language of this statute and the legislative purpose underlying it.").[9] Moreover, the lower court's opinion violates the prescriptive comity presumption

---

[9] For similar reasons, the opinion below clashes with the rationale underlying the "political question doctrine" because the Constitution assigns the Patent power to the Legislative Branch, U.S. Const. art. I, § 8, cl. 8, and the power over foreign affairs to the Legislative and Executive Branches, U.S. Const. art. II, § 2, cl. 2, but *neither* type of power to the Judicial Branch. *See generally Japan Whaling Ass'n v. Am. Cetacean Soc'y*, 478 U.S. 221, 230 (1986) ("The political question doctrine excludes from judicial review those controversies . . . constitutionally committed for resolution to the halls of Congress or the confines of the Executive Branch.").

under which courts construe statutes "to avoid unreasonable interference with the sovereign authority of other nations." *F. Hoffman-La Roche Ltd. v. Empagran S.A.*, 542 U.S. 155, 124 S. Ct. 2359, 2366 (2004).

The Federal Circuit's failure to comply with the Supreme Court's unequivocal admonition in *Deepsouth* that *only Congress* can give the patent infringement provisions extraterritorial effect, coupled with the significant national defense, homeland security, foreign relations, societal, technological, and financial ramifications of the lower court's transborder extension of § 271(a), makes this case worthy of the Court's review.

III. THE FEDERAL CIRCUIT'S INTERPRETATION OF § 271(a) IS UNWORKABLE, AS WELL AS INCORRECT

This case, like *Deepsouth*, turns upon proper construction and application of § 271(a), not a judicial assessment of the wisdom of the nation's policies regarding the limited extraterritorial reach of the patent laws, an area which, as discussed above, the Constitution reserves for Congress and the Executive Branch.

1. *The Federal Circuit's interpretation of § 271(a) fails to give the crucial term "within" its ordinary meaning.* According to Prof. Donald S. Chisum, who commented on the lower court's original opinion, "[o]ne certainly might have thought, applying basic patent law principles, that the infringement was not in the United States." Chisum, 4 J. Marshall Rev. Intell. Prop. L. at 344. Indeed, the lower court's expansive interpretation of the phrase "within the United States" violates the canon that every undefined term in a statute should be given its ordinary meaning.

The text of § 271(a) states in pertinent part that "whoever without authority . . . uses . . . any patented invention, *within* the United States . . . infringes the patent." 35 U.S.C. § 271(a) (emphasis added). The court's opinion focuses only "on the ordinary meaning of 'use,'" asserting that "[t]he use of a claimed system under section 271(a) is the place at which the *system as a whole* is put into service." App. 55a (emphasis added). Although the Federal Circuit's analysis points out that "[t]he grammatical structure of the statute indicates that 'within the United States' is a *separate requirement* from the infringing acts clause," App. 52a (emphasis added), the opinion virtually ignores that phrase, and fails to give its ordinary meaning any effect.

According to common usage, the adverb "within" means "inside the bounds of a place or region," and as a preposition is "used as a function word to indicate enclosure or containment," such as "in the limits . . . of . . . not beyond," or "enclosed or confined by." *Webster's Third New International Dictionary* 2627 (1993). Thus, the requirement in § 271(a) that use of a patented invention occur "within the United States" means in a geographically "enclosed or confined" manner "inside the bounds of" and "not beyond" the United States. At the time the Court decided *Deepsouth*, the situs of an entire accused invention and the situs of its use typically were the same; both either were within the United States or they were not. But today, use of *transnational* telecommunications and other high technology systems (i.e., systems with components located outside as well as inside the United States) is common. How can a system that is not located "within the United States," i.e., not entirely inside the bounds or limits of, and not enclosed, contained, or confined by, the United States, be "used . . . *within* the United States" (emphasis added)?

More specifically, how can the transnational BlackBerry system be used (i.e., put into service) "as a whole,"

App. 55a, "within" the United States, even though, as the court of appeals agreed, it is "a system that is *partly within* and *partly outside* the United States?" App. 53a (emphasis added). *See Deepsouth*, 406 U.S. at 528 (reconfirming that to be "made" within the United States, all claimed components, i.e., "the operable assembly of the whole," must be located and combined here).[10] A BlackBerry subscriber standing in Lafayette Park may be using his or her *handheld device* within the United States, but that is *not* equivalent to using the *whole* BlackBerry system within the United States, given that the system's accused Network Control Center is located in Canada. The lower court's illogical holding that an individual's use of only one of the accused BlackBerry system's components, i.e., a handheld device, represents use of the entire accused system "within the United States," necessarily rests upon an odd new meaning, and certainly not the ordinary meaning, of the word "within."

2. *The Federal Circuit's attempt to differentiate between "use of method" claims and "use of system" claims demonstrates that the transnational BlackBerry system cannot be used "within the United States" as required by § 271(a).* In its revised opinion the court of appeals concluded as a matter of law that NTP's "method" (i.e., process) claims, unlike its nearly identically worded "system" claims, cannot be infringed. App. 57a. The court held that "a process cannot be

---

[10] Since "making" an invention requires all components of a system to be located "within the United States" for infringement under § 271(a), it follows that "use" infringement also requires all components of an invention (i.e., system) to be located "within the United States," *regardless* of the situs of "control or beneficial use" of the system.

used 'within' the United States as required by section 271(a) unless each of the steps is performed within this country." *Ibid.* "In the present case, each of the asserted method claims . . . recites a step . . . which is only satisfied by the use of RIM's Relay located in Canada." *Ibid.* Those method claims, however, require the very same acts as NTP's system claims.

Just as NTP's method claims are comprised of "multiple distinct steps" that cannot be entirely "performed within this country," App. 49a, 57a, its system claims are similarly comprised of "multiple distinct components," App. 49a, which are located outside, as well as inside, the United States. There is no principled reason, and certainly nothing in § 271(a), indicating that these parallel sets of claims should be treated differently, especially for purposes of extra-territoriality. Instead, the lower court's holding that an individual's use of the BlackBerry "process" is necessarily extraterritorial due to the Canadian location of the Network Control Center *compels* the same conclusion regarding use of the BlackBerry "system." Application of the court's different extraterritoriality tests for method and system claims is problematic where, as here, those claims are virtually identical, or where it is difficult to determine whether a particular claim covers a method or a system. *See, e.g., IPXL Holdings, L.L.C. v. Amazon.com*, Nos. 05-1009, 05-1487, (Fed. Cir. Nov. 21, 2005) (finding no "use" infringement where nature of Internet-based patent claim was unclear). Further, the court's illusory distinction between method and system claims can only work mischief in the hands of patent drafters, who, unless this Court intercedes, now will be able to skirt § 271(a) simply by replicating method/process claims under a "system claims" rubric.

3. *The Federal Circuit's inappropriate "control and beneficial use" test, which imported an inapposite Court of*

Claims decision will confound district courts confronted with the type of "use of system" patent infringement claims that the opinion below is certain to engender. The Federal Circuit's opinion trespasses on Legislative and Executive Branch terrain by infusing its interpretation of § 271(a) with a judicially conceived policy—that as long as individuals in the United States exercise an (unspecified) degree of "control of the system," and obtain an (unspecified) measure of "beneficial use of the system," that is sufficient justification to extend the reach of the patent laws extraterritorially to use of systems whose operation depends upon, and is controlled by, foreign-located components. App. 55a.

More specifically, the lower court's opinion imports into the plain text of § 271(a) a new principle that "[t]he use of a claimed system under section 271(a) is the . . . place where control of the system is exercised and beneficial use of the system obtained." App. 55a. The court's source for this *de facto* revision to the statute's text, *Decca, Ltd. v. United States,* 544 F.2d 1070 (Ct. Cl. 1976), arose under 28 U.S.C. § 1498, a provision which authorizes suit against the United States in connection with the Government's use of a patented invention. The accused Government owned-and-controlled Omega radio navigation system involved in *Decca* included two broadcast stations in the United States and one in Norway. Conceding that "while the matter is not free from doubt," the Court of Claims, adopting almost all of the trial judge's analysis on a wholesale basis, held that the existence of the station in Norway did not bar recovery under § 1498. *Decca*, 544 F.2d at 1083. The court indicated that "[t]his conclusion does not rest on any one factor but on the combination of circumstances here present, with particular emphasis on the ownership of the equipment by the United

States, the control of the equipment from the United States and on the actual beneficial use of the system within the United States." *Ibid.*[11]

---

[11] The Federal Circuit corrected its misstatement in the initial opinion that *Decca* arose under § 271(a). App. 136a. The court then issued its revised opinion elevating *Decca*'s 33 year-old, fact-laden analysis into a new and amorphous "control and beneficial use" test for applying § 271(a) to infringement claims alleging use of transnational systems. The unique, Government-related "combination of circumstances" that influenced the court in *Decca*, however, is not present here. *See generally* Burk, 6 Stan. L. & Pol'y Rev. at 11 (indicating "it is unclear whether [*Decca* is] applicable to global computer networks"). For example, the court in *Decca* specifically distinguished *Deepsouth*, noting in part that because the Norwegian government had expressly consented to the location and operation of the transmitter, it "impliedly consents also . . . to abstain from any application of its own patent law that would interfere with the intended use" of the system. 544 F.2d at 1074. Thus, unlike the situation with the BlackBerry system, encroachment of international comity and other countries' patent laws was not implicated in *Decca* since that case arose in the context of activities involving the U.S. Government. Here, in contrast, the Canadian Government filed two *amicus* briefs in the Federal Circuit in support of RIM's petitions for rehearing to protest that court's extraterritorial application of § 271(a) to the transnational BlackBerry system. *See* Gov't of Canada Br. (Jan. 13, 2005; Aug. 16, 2005).

The Court of Claims also emphasized the U.S. location of the "master station," which was the essence of the patent at issue and controlled the Omega system. 544 F.2d at 1074, 1083. In contrast, the BlackBerry system's "master station" is the Network Control Center *in Canada*, and as the Federal Circuit acknowledged, is the essence of the NTP patents-in-suit. *See* App. 56a (indicating that the Center "controls the accused systems and is necessary for the other components of the system to function properly"). *See also Hughes Aircraft Co. v. United States*, 29 Fed. Cl. 197, 242 (Fed. Cl. 1993) (holding that because a satellite was controlled by its "master station" in England, the Government did not use the satellite within the United States). In its attempt to force the square

Despite the critical role played by the BlackBerry system's Network Control Center in Canada, the court of appeals illogically asserted that "[w]hen RIM's United States customers send and receive messages by manipulating the handheld devices in their possession in the United States, the location of the use of the *communication system as a whole* occurs in the United States." App. 56a (emphasis added). To bridge the gap in this flawed logic, the lower court's opinion, mistakenly relying upon *Decca*, essentially rewrites § 271(a), as if the provision says that "whoever *exercises control of one component* and receives *beneficial use* of a patented invention within the United States during the term of the patent infringes the patent." Of course, this is *not* what § 271(a) says. This newly created "control and beneficial use" version of § 271(a) conveniently ignores the critical fact that the Network Control Center is located in Canada.

But even when applied to the BlackBerry system, this "test" simply does not work. A BlackBerry subscriber standing in Lafayette Park exercises virtually no "control" of the system when merely receiving email on a handheld wireless device. Further, the subscriber may "control" his or her *handheld device*, but certainly does not "control" the independently operated Network Control Center (without which the handheld device would not function), and thus, does not control "the communication system as a whole." App. 56a. Furthermore, the court's notion that "beneficial use" of the system is "within the United States" because that

---

BlackBerry system peg into the round Omega system hole, the lower court dismissed this as mere "technical differences." App. 56a.

is where subscribers and their handheld devices are located is inconsistent with *Decca* itself. *See* 544 F.2d at 1074 (noting that the "necessarily scattered and changing position" of the vessels benefiting from the Omega system did not "have any necessary connection with the location of the . . . system for purposes of the United States Patent Laws"). It also ignores the fact that the BlackBerry system enables *mobile* global telecommunications. *Cf. MAGICorp. v. Kinetic Present's, Inc.*, 718 F. Supp. 334, 347 (D.N.J. 1989) (noting that to determine the location of a patented system for venue based on where "customers are located, leads to absurd results"). For example, under the court's theory, when a U.S. subscriber uses his or her handheld device while traveling in Canada or Europe, "beneficial use" of the system would be obtained *there*, and not within the United States.

This is just the tip of the iceberg as to why the Federal Circuit's "control and beneficial use" interpretation of § 271(a) is sure to perplex district courts when called upon to apply it to use of other types of telecommunications or Internet-based transnational systems (e.g., retail; financial; educational; research; genealogical; travel; recreational). More specifically, the court of appeals left unclear what variables determine "control and beneficial use" of a trans-national system (e.g., the purpose of the system? the nature, function, portability, or quantity of system components located outside vs. inside the United States?). Suppose that a Buffalo resident uses her laptop computer to customize and order a ski outfit from a Canadian on-line retailer, whose e-commerce system is controlled by sophisticated computer servers located at the company's headquarters in Toronto. Under the lower court's holding, it is unclear whether merely ordering the ski outfit would represent use of the Internet-based system "within the United States," thereby rendering the Canadian on-line retailer vulnerable to a § 271(a) in-fringement suit by a U.S. patent-holding company. Or,

perhaps applicability of § 271(a) would depend upon a complex balancing of the precise nature, function, and quantity of the Canadian components of the system vs. the quantity and frequency of orders placed from computers in the United States. And if the Buffalo resident had been visiting her son in Toronto when she used her laptop computer to customize and place the order by accessing the Internet through her America Online account, who knows whether, under the lower court's "control and beneficial use" test, the territoriality requirement of § 271(a) would be satisfied.

What is clear is that unless this Court reviews and reverses the Federal Circuit's opinion, it will effectively repeal the express territorial limitation embedded within § 271(a). If use of the BlackBerry system, notwithstanding the Canadian location of its critically important Network Control Center, is considered to occur wholly within the United States, then under the lower court's test, virtually *any type* of transnational system may be susceptible to patent infringement claims under § 271(a). At the very least, if the Federal Circuit's extraterritoriality analysis is allowed to stand, it will compel district courts to define (or redefine) "control and beneficial use" on a case-by-case basis to determine if a particular transnational system is used "within the United States" under § 271(a). The resultant trial court decisions are not likely to produce consistent or predictable results. *See generally* Bradley, 37 Va. J. Int'l L. at 555 ("[W]hen the courts have attempted to exercise independent authority to extend federal statutes extraterritorially, they have floundered."). Therefore, the Federal Circuit's unworkable "control and beneficial use" rewrite of § 271(a) is another compelling reason why this case warrants Supreme Court review.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

GORDON D. GIFFIN
MCKENNA LONG &
ALDRIDGE LLP
303 Peachtree Street, N.E.
Atlanta, GA 30308
(404) 527-4000

HERBERT L. FENSTER
Counsel of Record
LAWRENCE S. EBNER
JAMES D. THAYER
MCKENNA LONG &
ALDRIDGE LLP
1900 K Street, N.W.
Washington, D.C. 20006
(202) 496-7500

HENRY C. BUNSOW
DAVID W. LONG
MARK L. WHITAKER
HOWREY LLP
1299 Pennsylvania Ave., N.W.
Washington, D.C. 20004
(202) 383-7073

MARTIN R. GLICK
HOWARD RICE NEMEROVSKI
CANADY FALK & RABKIN
Three Embarcadero Center
Seventh Floor
San Francisco, CA 94111
(415) 434-1600

Attorneys for Petitioner

December, 2005